

## Negative option plans

A negative option is a marketing plan that basically states, "We will keep sending you our product or providing you with our service until you tell us to stop." With a negative option plan, it is the responsibility of the consumer, not the seller, to cancel a contract or order.

Consumers are probably most acquainted with negative option plans through book clubs, but many other companies, such as lawn care services, gourmet food plans, and magazine subscriptions use this marketing technique as well.

### Problems with negative options

Consumers do not always realize that they have become part of a negative option agreement. For example, you may agree to try a product or service for a discounted price, or for a free trial. You may or may not be told or may fail to understand that by agreeing to the discounted price, or free trial period, you automatically commit to ongoing shipments or service.

If you are dissatisfied with the trial product or service, it becomes your responsibility to contact the company and cancel.

Otherwise, the company will continue to provide you with their services or products along with a bill.

Sometimes enrollment in one negative option plan automatically enrolls you in additional "special offers" which operate as negative option plans. For instance, book clubs may offer to send "special editions" for your review; companies selling collectible plates or dolls might offer limited edition merchandise for your approval.

If you fail to notify these companies in writing that you are not interested in continuing to receive these special shipments or services, they will continue and the bills will keep coming.

### Read the fine print

When you agree to receive a free or low-cost product, or participate in an introductory offer, you may be committing yourself to a binding contract with the company. Review these offers very carefully. Your acceptance means you agree to all the rules and regulations spelled out in the fine print of the offer. Some of these contracts require you to buy a specified

amount of merchandise within a limited period of time.

Other agreements have no minimum purchase requirements, but state in fine print that you must cancel the contract in writing if you do not wish to continue.

### Keep good records

Even when you understand and agree to the terms of the contract you may find yourself a victim of billing and shipping errors. If you enter into a negative option plan agreement, pay close attention to all the mail you receive from the company. Keep a record of all the orders you place and the bills you pay.

If you decide to cancel a contract, notify these companies in writing that you are no longer interested in receiving these products or services before the trial period ends or after you have complied with all terms of the agreement. You can also write a note on the bill informing the company that you want to cancel. Be sure to include the date and your signature. If possible, send the notification by certified mail. Keep copies of any correspondence between you and the company. If you do

run into problems, these records can be a big help in settling your complaint.

## **Deal promptly with problems**

When unwanted shipments or services arrive, along with their accompanying invoices, too many consumers ignore the bills thinking that they do not owe the money. Unless you deal with the problem, the bills will keep coming, and each one will include a more threatening collection message. Your account could be turned over to a collection agency and reflected on your credit report.

To protect yourself, contact the company in writing to cancel any future shipments or services. Do not open unwanted shipments or services. Do not accept delivery if the shipment is being delivered by a private mail carrier. If the package is delivered by the U.S. Postal Service, it may be returned to the sender if the package is not opened. If you open the package you will have to pay the cost of repackaging and mailing it.

Keep records of when and how the merchandise was returned and copies of all correspondence.

## **Compare costs**

The introductory merchandise or the promise of a great deal might sound appealing, but what about the prices after the introductory offer? Are the prices higher than what you would normally expect to pay for the product? Make sure you are comfortable paying

the regular price before entering into a negative option plan.

## **Unsolicited goods**

Wisconsin law states that you can consider unsolicited goods a gift that you can use or dispose of in any manner you wish without any obligation to the sender. However, this law does not cover negative option plans. Most negative option plans require some sort of prior agreement, such as a signature on a postcard or an oral agreement on the telephone.

For more information or to file a complaint, visit our website or contact the Bureau of Consumer Protection.

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